Today, Rep. Pete Stark introduced the “Save Money for Prescription Drug Research Act.” The bill eliminates tax incentives that encourage drug companies to give gifts to doctors in order to influence what they prescribe. The bill encourages these companies, instead, to use this money for research and development.

“Spending by drug companies on gifts and promotions for physicians should not be tax deductible,” Rep. Stark said. “These gifts take away billions of dollars that could be spent on research for new drugs and new cures, instead of on inappropriate incentives to influence the prescribing behavior of providers. My bill denies tax deductions to pharmaceutical firms for spending on such gifts and encourages them to dedicate these funds to the much more important use of pharmaceutical research and development.”

Pharmaceutical companies spend billions of dollars on promotions seeking to entice doctors to prescribe their products, and, under current law, all of this spending is tax deductible. According to a New York Times article published in November 2000, pharmaceutical companies spent $12 billion in 1999 to court physicians with the hope of influencing their prescribing habits. Experts estimate that drug companies spend an average of between $8,000 and $13,000 on individual physicians every year. These “lobbying” campaigns contribute to the rapid prescribing of new drugs, drugs which inevitably increase in price. Consequently, tax-deductible dollars contribute to the rising cost of prescription drugs.

Rep. Stark concluded: “I continue to hear the crocodile tears from the pharmaceutical industry decrying the lack of funds for R&D. By eliminating this ridiculous tax incentive to buy gifts for doctors, we will free up money for the pharmaceutical industry to spend on research and development. My bill aims to do just that. I hope my colleagues will join with me in passing this important legislation.”